

BOBBY JINDAL
GOVERNOR

State of Louisiana

STEPHEN CHUSTZ
CHAIRMAN

Oilfield Site Restoration Commission
Post Office Box 94275 Baton Rouge, Louisiana 70804-9275

JAMES H. WELSH
VICE CHAIRMAN

MEETING MINUTES

LaSalle Building
617 North Third Street
Thursday, April 30, 2015
1:30 p.m.

MEMBERS PRESENT:

Stephen Chustz, Secretary, DNR
James Welsh, Commissioner of Conservation
Paul Frey, LLA
Don Briggs, LOGA
Karen Gautreaux, Nature Conservancy
Steve Maley, LOGA
Barney Callahan, LWF, Sierra and Audubon Society
Tyler Gray, Mid-Continent

OTHERS PRESENT:

Brent Campbell, Director OSR
Matt Simon, OSR Staff
Casandra Parker, OSR Staff
John Adams, Staff Attorney

I. Roll Call:

Matt Simon called the roll. There were six members in attendance at the time of roll call, constituting a quorum, and Tyler Gray and Karen Gautreaux joined the meeting later.

At this time, John Adams, attorney for the Office of Conservation, discussed agenda Item No. VII.

II. Approval of the January 2014 Meeting Minutes:

Steve Chustz made a motion to approve the minutes.
Barney Callahan seconded the motion.
No objections from the Commission.
The minutes were approved .

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III. Fund Status:

Matt Simon reported that the total cash in the treasury is approximately \$3.4 million. There is \$1.6 million in contractual obligations, leaving an available balance of approximately \$1.8 million.

A report on the oil and gas production fee collections through the third quarter amounted to approximately \$3.3 million. A graphical representation of annual fee collections since 1994 was presented.

A report of the 57 Site-Specific Trust Accounts shows the accounts to cover 999 active wells, secured by \$67.8 million in cash and various financial instruments.

IV. Program Statistics:

A. Matt Simon discussed in detail the Program statistics.

To date, the Program has plugged and abandoned 2,685 orphan wells. Three wells were plugged and abandoned during the third quarter.

Currently, there are 2,997 orphan wells remaining statewide.

There were five newly orphaned wells were added to the Program this quarter.

A graphical representation was presented demonstrating the current orphaned well count in the state compared to the cumulative number of wells plugged by the Program.

A graphical representation was presented demonstrating the number of plugged urgent and high-priority scored wells versus the number of remaining urgent and high-priority wells for each fiscal year beginning in the summer of 2010.

The Program has plugged and abandoned 478 urgent and high-priority scored orphaned wells to date, beginning in the summer of 2010.

Mr. Callahan asked if the OSR Program could give a statistic on which wells were on public lands and which were on State lands, and Mr. Simon said he would look into that matter.

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IV. Program Statistics:

B. Third Quarter Program Performance

During the third quarter of this fiscal year, the Program has not plugged and abandoned any urgent and high-priority wells. A total of 47 orphaned wells were plugged and abandoned this quarter, at an approximate cost of \$5.6 million.

V. Oilfield Site Restoration Program Projects:

Matt Simon discussed in detail the current Oilfield Site Restoration Program projects.

A. Completed Projects:

There were two projects completed this quarter.

B. Active Projects:

Project 14-008 regards the navigation aid maintenance bid. The phase of assessing all the navigational lights has been completed and the contractor is currently in the process of repairing any that needed repairing.

There are six projects currently active in the OSR Program.

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VI. Federal and Third-Party Activity:

The EPA has agreed to reimburse the OSR Program for one of the wells currently in process of being plugged and abandoned included in the PA-15-005 project.

VII: Old Business and New Business:

A. Assessments:

In North Carterville Field and Caddo-Pine Island there were leaking wells that were assessed and the leak was cleaned up successfully.

In Leleux and Perry Point Field, Landry No. 2 Well, after finding mechanical equipment in the well, the well was plugged and abandoned successfully.

B. Financial Securities Recovered by the OSR Fund:

A project in East Cameron Block 17 Field had financial security in the amount of \$250,000 that is being transferred by a viable operator to the OSR Fund for that project.

Wells currently in progress of being addressed in the Caddo-Pine Island and Greenwood-Waskom Fields are also financially secured.

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C. Current Legislative Bills pertaining to the Oilfield Site Restoration Program:

Mr. Adams discussed the bills currently filed in the legislature that impact the Oilfield Site Restoration Program. The first is Senate Bill 41 which reduces the threshold from \$250,000 to \$50,000 for which OSR Fund can seek reimbursement for expenses from prior operators. The second is House Bill 785 which proposes to double the OSR Fund cap from \$10 million to \$20 million. It also doubles the fees collected for the OSR Fund, and it provides for the issuance of revenue bonds that would be secured by the OSR Fund. The third bill is Senate Bill 196 which proposes to repeal the constitutionally-protected dedications and funds, which includes many funds that it is proposes to remove the protection of, one is the OSR Fund.

All three bills are currently pending before respective committees. Mr. Chustz indicated that House Bill 785 would be heard May 6th.

Mr. Frey and inquired whether the Commission had ever taken a position on proposed legislation, and Mr. Callahan asked if the Commission had a role in the legislative session activities. Mr. Adams said the purpose of the Commission as described in the enabling statute did not include any language pertaining to legislation. Mr. Welsh and Mr. Briggs answered that they had not in the past taken any position or played any role in legislation.

Mr. Callahan inquired about the role of the Commissioner's on the Board, in general. Mr. Welsh and Mr. Chustz explained that the Board members monitor the OSR Fund and how it is expended, and the Board representatives that were appointed by their respective organizations would represent and make sure the funds are spent to benefit their own organizations, as well as others. The State Agency representatives provide information to the Board but does not take positions on legislation.

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VIII: Other Comments or Public Comments:

Mr. Frey inquired on proposed rules to be promulgated based on the Legislative Auditor's Report which proposes to increase the costs paid by the operator to hold wells as future-utility wells. He also indicated that his organization did submit comments for the record concerning this matter.

Mr. Campbell indicated the final rule would be published on May 20, 2015, regarding increased financial security for wells, and also regarding the future-utility wells, if an operator has a well that has been shut-in for over five years, they either have to plug and abandon the well or begin paying \$250 per well to keep the well classified as a future-utility well. The fee of \$250 was decided upon by examining other fees nationwide.

Mr. Briggs and Mr. Gray both expressed consideration be taken to increase the OSR staff to handle the operations of the Program as new situations arise by the passing of legislation or new rules being promulgated.

Mr. Chustz requested that the OSR staff to contact Representative Morris because he expressed an interest in employing out-of-work persons in north Louisiana to become involved with the OSR Program. Mr. Welsh responded that Office of Conservation has provided Representative Morris with some information previously.

IX: Date of Next Meeting:

July 16, 2015, is the tentative date set for the next Commission meeting, at 1:30 p.m. in the LaSalle Building hearing room.

ADJOURN:

The meeting was adjourned.